

INFORMATION LETTER

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NATIONAL CANNERS ASSOCIATION

For Members
Only

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The Farm Cost Situation

Farm production expenses in the United States increased from about \$6 billion in 1939 to a peak of about \$23 billion in 1952. In a report on *The Farm Cost Situation*, the Agricultural Marketing Service of USDA cites three principal reasons for this increase: (1) Prices increased, (2) farm output expanded, and (3) farmers became more dependent upon industrial products in their farming operations.

The decline in farm production expenses since 1952 has been due mainly to reductions in prices paid by farmers for items that are mainly farm-produced, such as livestock, feed, and seed. During the last 25 years expenses of farm production have accounted for a fairly high percentage of realized gross income. The percentage was highest in 1932 when prices received for farm products were extremely low. Since 1947 the trend has been upward. In recent years the use of more industrial products and other nonfarm inputs has been an important factor.

Total farm production expenses in the United States are slightly lower this year than they were in 1953. The 1955 outlook is for some further slight decline in farm production expenses, according to the report.

Farm cost rates expected in 1955 relative to 1954 are as follows: Farm wage rates and interest rates—slightly lower. Seed, and feeder and replacement livestock—slightly lower. Motor fuel, building and fencing materials, feed, and fertilizer—about the same. Farm machinery—about the same, discounts remaining substantial. Taxes per acre—slightly higher.

Farm Labor—Compared with relationships before World War II, farm wage rates continue to be higher than cost rates of other farm inputs. Adjustments on farms that will reduce the amount of labor, per unit of product, generally will continue to be profitable.

Estimated man-hours for all farm work in 1954 are around a half billion, or about 2 percent less than last year. Preliminary estimates of farm output in 1954 indicate a decrease of

about the same proportion; this means that average productivity of farm labor did not improve this year in contrast to most recent years.

Supplies of workers available for farm work next year are expected to continue generally adequate. However, the supply of experienced year-round workers probably will remain tight. With a continuation of some industrial unemployment, the movement of farm workers to industry is not expected to increase.

Farm Machinery—Prices of farm machinery and equipment, excluding automobiles and motor trucks, are about the same as on January 1, 1951, and they are expected to continue at about present levels throughout 1955.

Farmers' expenditures for new machinery in 1955 will continue to be less than in 1951-53, but output of farm machinery also is expected to be considerably below the level of those years.

Production of farm machinery and equipment was of record volume in 1951, but it has since declined. The 1954 output probably will be about a third below that of 1951. Production in the current year will be small only

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Grapefruit Sections for USDA

The U. S. Department of Agriculture on November 23 announced purchase of 251,200 cases of 24 No. 2 cans of U. S. Fancy grade grapefruit sections at an average price of \$3.35 a case, f.o.b. shipping points.

These canned grapefruit sections, all from Florida processors, will be delivered during the period December 20 through February 12 to schools participating in the National School Lunch Program.

Purchases were made under Section 6 of the National School Lunch Act.

USDA also announced its intention to purchase an additional quantity of canned grapefruit sections, under purchase specifications mailed to grapefruit canners on November 12. Offers should be submitted to USDA by November 29 for acceptance by December 1.

C&T.R. Program Described at Pennsylvania Convention

The N.C.A. Consumer and Trade Relations program was the subject of two addresses on the program of the Pennsylvania Canners Association's 40th annual convention at Harrisburg, November 22.

Carlos Campbell, Executive Secretary of N.C.A., described the method of carrying out the various phases of the program, emphasizing the close teamwork between the designated N.C.A. staff members and their opposite numbers on the Dudley, Anderson & Yutzy staff in New York. George Anderson, partner in DAY, presented the progress report of C. & T.R. activities this year with the aid of 54 colored slides illustrating various details of the program.

Mr. Campbell showed how N.C.A. during its entire existence has carried out activities tending to promote the acceptance and use of canned foods. He then reviewed the situation that gave rise last year to the desire on the part of the membership for a further expansion of the Association's activities in those areas, leading to the final recommendation at the Atlantic City Convention that consumer and trade relations work be augmented.

Mr. Campbell concluded his remarks with the following statements:

"One of the major objectives of the C. & T.R. program is to get over to all housewives the idea that they can serve canned foods proudly, a fact which many housewives know from experience and others will realize as soon as they give it a fair trial. The housewife has a right to be proud of her ability to feed her family properly. There was a time when she believed that efficient kitchen management required that she perform all of the manual duties in preparing the food. This gave rise to her reluctance to admit that she used a can opener and also was presumed to be one of the major factors that prevented some housewives from using canned foods.

"Since the younger generation of housewives have been reared in an atmosphere of public acceptance of products prepared and packaged by the manufacturer for consumer use, there is a greater willingness among these young homemakers to accept the

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New Social Security Taxes on Farm Labor

The 1954 amendments to the Social Security Act make social security taxes applicable, under certain circumstances, to employees of cannerys engaged in farm work. Cannerys who employ agricultural labor in their planting or harvesting operations or in other forms of farm work will be required to make the appropriate 2 percent deduction from the farm worker's wages, to match this deduction with a 2 percent employer tax, and to file the necessary returns.

The new law becomes effective January 1, 1955, and deductions and tax payments will be required for covered farm workers on all earnings after that date. All cannerys should familiarize themselves with the newly expanded coverage and with the returns and taxes made necessary by the Act.

Formerly, agricultural laborers—people doing farm work for others—were not covered by the law unless such individuals earned at least \$50 in a calendar quarter and were "regularly employed" by a single employer. The test of "regular employment" made it necessary to determine whether preceding "qualifying quarters" existed. In general, the test of "regular employment" was complicated and awkward to apply and had the effect of excluding most farm labor employed by cannerys in their planting or harvesting operations.

Under the 1954 amendments, the single test of coverage is whether the farm worker receives cash wages of \$100 or more in the calendar year from a single employer. It is of no importance whether the individual's aggregate earnings from agricultural labor exceed \$100, unless wages in this amount are received from a single employer. Only cash payments are to be considered in determining whether this minimum earnings limitation has been reached.

While the test of coverage is placed on an annual basis, it may nevertheless be necessary for cannerys to anticipate the Act's application in particular instances in order that the necessary deductions from wages can be made.

Cannery Must Be the Employer

The preliminary question is, of course, whether the relationship between the cannery and the farm worker is that of employer and employee. In many instances, it will be the owner of the farm rather than the cannery who must take the responsibility for the deductions and tax payments. If the cannery operates his own farms,

the cannery will necessarily be considered the employer.

No single test exists for determining when this employer-employee relationship exists. All of the employment circumstances must be considered in making the determination. In general, if the farm workers are carried on the cannery's payroll, the responsibility for the tax payments and tax returns will be considered that of the cannery.

What Is Agricultural Labor?

Cannery employees, as distinct from farm labor employees, are subject to the tax irrespective of their annual earnings. Before consideration need be given, therefore, to whether the \$100 minimum annual earnings limitation has been met, it is necessary to determine whether the particular employee qualifies as "agricultural labor." Unless the individual so qualifies, or falls within some other exempt classification under the Act, the tax is applicable without regard to the annual earnings limitation.

The definition of "agricultural labor" provided in the Social Security Act has not been changed in any material respects by the 1954 amendments to the Act. In general, the definition includes all farm work in connection with the raising or harvesting of an agricultural commodity. A full analysis of this definition is contained in the INFORMATION LETTER of December 22, 1950, page 356.

The definition of "agricultural labor" provided in the Social Security Act is the same as that employed for withholding tax purposes—for the collection of income tax at source on wages. By operation of law, any change in the definition of "agricultural labor" provided in the Social Security Act automatically becomes the definition of the exempt classification "agricultural labor" for purposes of withholding taxes. This does not mean, however, that withholding will be required for every individual whose wages are subject to social security taxes, since "agricultural labor" is exempt under the Social Security Act only if such workers earn less than the \$100 annual earnings limitation for work for a single employer. Under the withholding tax law, "agricultural labor" is exempt regardless of the individual's annual earnings.

The definition of "agricultural labor" employed for social security or withholding tax purposes does not, however, coincide exactly with the "agricultural labor" definition provided in the Federal Unemployment

Tax Act. Successive amendments to the Social Security Act definition which have not yet been made applicable to the Federal Unemployment Tax Act have resulted in some divergencies, although the coverage is substantially the same under each of the three tax laws.

Regular cannery labor is non-exempt under each of the three laws, and general farm labor in connection with the raising or harvesting of fruits and vegetables remains within the definition of "agricultural labor" provided in each. Only minor variations exist. For example, the Unemployment Tax Act exempts as "agricultural labor" services performed in connection with the raising and harvesting of mushrooms when such activities are performed in caves or in other nonfarm circumstances, while the Social Security Act does not qualify such services as "agricultural labor" unless they are performed on farms.

Foreign Agricultural Labor

The new law retains the provision of existing law excluding from the Act services performed by foreign agricultural workers employed under contracts entered into under Title V of the Agricultural Act of 1949. This latter Act permits the entry of Mexican nationals into the United States for agricultural employment under agreements between the Secretary of Labor and the Republic of Mexico. Authority for such agreements under present law extends to December 31, 1955.

The new law also exempts all foreign agricultural labor lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor. This latter amendment brings the coverage provisions of the Act in respect to West Indies labor in line with its application to labor from Mexico.

Since Mexican and BWI labor is totally exempt, social security taxes need not be paid for such employees whether the \$100 minimum earnings limitation is met or not.

Part-time Farm Work

While no taxes need be paid on an employee's earnings in agricultural labor unless the individual receives from the cannery as much as \$100 cash pay in the year, "agricultural labor" is still considered covered employment for purposes of the amended Act. If, for example, the employee spends two-thirds of his time in the fields and one-third of his time in the cannery, each form of employment must be considered separately for purposes of deter-

mining what amount of tax is owed. In other words, employment in agriculture cannot be considered exempt work, regardless of whether the \$100 earnings limitation is met, in order to relieve the canner of any obligation to pay taxes on the in-plant labor under the settled rule that for any particular pay period the controlling standard is whether the employee spends more than half of his time in exempt or non-exempt work. In such circumstances, taxes will be owed on all of the employee's earnings in the cannery for any particular pay period and taxes on his farm earnings will be owed only if the \$100 annual earnings minimum is met.

Deductions from Wages

If a canner anticipates that any of his farm employees will earn more than \$100 in the calendar year, he will be well advised to make the deductions currently during each pay period. If it is clear that the employee's earnings will not exceed the minimum, there will be no necessity for deductions from wages. The tax becomes a liability to the federal government only when the individual's earnings have exceeded the \$100 minimum. In the event deductions are made and the \$100 minimum is not attained, it will be the responsibility of the employer to make the necessary refund to the employee when the employee's employment terminates.

The Internal Revenue Service is currently considering methods of reporting earnings in agricultural labor and the appropriate methods of paying the tax to the Director of Internal Revenue. At this time it is not clear whether social security taxes for "agricultural labor" will be reported on the employer's regular quarterly social security tax return or filed separately on an annual or quarterly basis.

Under whatever system is finally made effective, it will be necessary for employers of agricultural labor to maintain social security records for these employees and to observe the employee's current earnings status.

New Association Members

The following firms have been admitted into membership in the N.C.A. since July 31, 1954:

KIMBALL, F. S., 3647 Renton Ave., Seattle 14, Wash.—Baked Beans. *Officer*—F. S. Kimball, owner.

VIE-DEL GRAPE PRODUCTS Co., 2808 East Nebraska Ave., Fresno 55, Calif. *Products*—Grape juice concentrate and grape puree. *Officer*—J. L. Riddell, president.

The Youth You Supervise

The Labor Department has issued a 13-page bulletin, *The Youth You Supervise*, designed to help employers decrease employment turnover and increase production efficiency of young people.

The bulletin tells what young people are like and why, and gives pointers on how to make young people a responsible part of the work force. The bulletin is intended to be of special value to supervisors in plants where many youngsters get their first jobs.

Single copies of the bulletin are available upon request to the Bureau of Labor Standards, U. S. Department of Labor, Washington 25, D. C.

House Beautiful Magazine

In the December *House Beautiful* magazine, the article entitled "How To Be On Top of the Situation At Christmas Dinner" by Virginia Stanton, party editor, suggests preparing Christmas dinner at Thanksgiving time. She points out that in November "you're psychologically geared to a big feast . . . so why not cut down on double planning, shopping and food preparation."

"Ten years ago you couldn't have done it," she says, "because the home freezer and the wonderful new canned foods are the real Santa Clauses that make this possible, but thank heaven you can do it now, as I've proved for myself. And you've no idea how blithely and gaily you can face 16 to 20 for the big feast when all the culinary spadework is done."

Shipments of Metal Cans

Shipments of metal cans for food during the first three quarters of 1954 were less than shipments during the same period of 1953, on the basis of reports by the Bureau of the Census, U. S. Department of Commerce.

Shipments of cans for fruit and vegetable products during that period were down 3 percent and shipments of cans for fishery products were down 2 percent. On the other hand, shipments of cans for meat and poultry were up 11 percent above last year.

	Jan.-Sept. 1953 1954 (short tons of steel)	
Fruit and vegetable (including juice)	1,116,517	1,085,506
Meat (including poultry)	91,609	101,974
Fish and seafood	83,258	81,651
Other (including soup and baby food)	331,588	318,841

* Other than cans for milk and other dairy products, coffee, lard and shortening, soft drinks, beer, and pet foods.

Shipments of Glass Containers

Shipments of glass containers for food during the first three quarters of 1954 exceeded shipments during the same period of 1953, on the basis of reports by the Bureau of the Census, U. S. Department of Commerce.

Shipments of narrow-neck containers during that period were up 11 percent and shipments of wide-mouth containers up 9 percent.

	Jan.-Sept. 1953 1954 (thousands of gross)	
Wide-mouth food (including fruit jars and jelly glasses)	23,853	26,039
Narrow-neck food	9,917	10,029

Pennsylvania Cannery Meeting

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fact that the skill of the manufacturer in preparing foods ready for serving on the table is in many instances greater than that which she has achieved or that she cares to develop. Furthermore, she appreciates the fact that the greater use of canned and glass-packed foods, with their built-in maid service, gives her more time to develop the art of cooking. The can opener is standard equipment in the kitchens of the newer generations, where it is no longer hidden in a cabinet drawer, but is mounted on the wall for frequent use and for all to see. It no longer is considered a badge of incompetence.

"I need not remind you that canners must assume the responsibility for making this claim come true. If this program is to succeed you must keep faith with this promise by supplying the housewife with only those canned foods which she can serve proudly. You can rest assured that the modern housewife can and will detect the difference. You can't deceive a woman—twice."

In the preface to Mr. Anderson's exposition of the program details, he pointed out to Pennsylvania canners the importance of their contribution and the stake they have in capitalizing on the C. & T. R. activities through their own individual participation.

The N.C.A. Information Division issued press and radio releases on those highlights of Mr. Campbell's address that would impress consumers. These went to 228 Pennsylvania newspapers, 64 trade papers, 154 Pennsylvania radio and TV stations, and to the national wire services.

The Division also arranged a radio interview for Mr. Campbell on WHGB, Harrisburg, at noon Monday, November 22, on the "Luncheon at the Penn Harris" program. He was interviewed by Ruth and Lew Doolittle, answering questions pointing up the canning industry's importance to farmers and consumers.

Canned Baby Food Stocks

Details of the canned baby food supply, stock and shipment situation are reported by the N.C.A. Division of Statistics as follows:

	1953 (thousands of dozens)	1954
Canner stocks, Jan. 1.....	55,300	65,305
Pack, Jan.-Oct.....	128,911	132,025
Supply.....	184,211	197,330
Canner stocks, Nov. 1.....	59,456	68,212
Canner shipments during Oct.,	11,294	11,857
Canner shipments, Jan.-Oct....	124,735	129,118

Stocks of Canned Foods Nov. 1 and Season Shipments

Reports on canners' stocks and shipments of canned corn, peas, and RSP cherries have been issued by the N.C.A. Division of Statistics, and detailed reports have been mailed to all canners packing these items.

Canned Corn Stocks and Shipments

	1953-54 (actual cases)	1954-55
Carryover, Aug. 1.....	2,317,138	5,145,072
Pack.....	36,244,595	36,761,013
Total supply.....	38,561,733	41,906,085
Stocks, Nov. 1.....	29,583,711	32,081,111
Shipments, Aug. 1-Nov. 1.	8,978,022	9,824,974

Canned Pea Stocks and Shipments

	1953-54 (actual cases)	1954-55
Carryover, June 1.....	3,419,633	4,242,980
Pack.....	31,365,949	27,245,133
Total supply.....	34,785,582	31,488,113
Stocks, Nov. 1.....	21,236,709	17,886,283
Shipments during Oct....	2,628,889	1,974,446
Shipments, June 1-Nov. 1.	13,548,873	13,001,830

RSP Cherry Stocks and Shipments

	1953-54 (actual cases)	1954-55
Carryover, July 1.....	113,009	166,710
Pack.....	3,848,629	3,086,342
Total supply.....	3,961,638	3,253,052
Stocks, Nov. 1.....	2,605,290	1,773,088
Shipments during Oct....	268,433	196,096
Shipments, July 1-Nov. 1.	1,956,378	1,479,964

New USDA Leaflet on Control of Blight of Pears and Apples

Latest recommendations for controlling blight of pears, apples, and quinces are contained in a new leaflet issued by the U. S. Department of Agriculture. It includes instructions for the use of antibiotics against this blight, a bacterial disease known also as pear blight or fire blight.

The new publication, Department Leaflet No. 187, is a revision of an earlier blight leaflet, issued under the same number in 1930. The current issue gives advice on new control materials, such as zinc and the antibiotics streptomycin and terramycin,

which have been developed through research during the past 15 years.

The author of the revised leaflet, John C. Dunegan of USDA's Agricultural Research Service, says that the most important control measure is still the removal of holdover blight by cutting off the dead twigs and cutting out cankers, making the cuts through healthy wood. After every cutting operation, the cut surfaces and tools used must be sterilized with corrosive sublimate.

A free copy of Leaflet No. 187 may be obtained from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C.

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in relation to the high output of recent years.

Seeds—The index of prices paid by farmers for seeds was about 6 percent lower in 1954 than in 1953. In general, a slight decline in prices of all seeds is expected in 1955. However, changes in prices of individual seeds will differ widely depending upon the supply of the particular seed. Seed potatoes are expected to be considerably higher next year.

Fertilizer—Farmers are expected to use a little more commercial fertilizer in terms of plant nutrients next year than they used this year. They used more in 1954 than they had ever used before. Prices of fertilizer are expected to be adequate to meet antici-

pated demands. More of the specialized equipment used in applying anhydrous ammonia will be available. It is estimated that the aggregate 1954-55 supply of the three primary plant nutrients will exceed the 1953-54 supply by about 5 percent. The supply should be ample to satisfy expected demands.

Pesticides—Prices of pesticides were mostly unchanged from 1953 to 1954 and no important changes are indicated for 1955. Incomplete information indicates that a total of about 260 million pounds of the major pesticides, excluding ground sulfur, were used in 1954 compared with about 210 million pounds in 1953. From 60 to 80 million pounds of copper sulfate, 60 to 70 million pounds of DDT, and 20 to 25 million pounds of 2,4-D are used each year. In addition, more than 25 million pounds of several established organic fungicides are used.

McCall's Magazine

Helen Flynn's article "Tradition Says Oyster Stew" in the December issue of *McCall's* magazine features canned soups.

The author says, "In many homes on Christmas Eve oyster stew is always served. Whether you subscribe to this tradition or not, a hearty soup is a sensible supper on such a busy, festive night." In the five hearty soup recipes these canned foods are used: consommé, mock turtle soup, pea soup, salmon, lobster, clams, and tomato soup.

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